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## YUGOSLAVIA

I.. The Intelligence Community has some information to contribute regarding the questions raised in the amended Mutual Security Act of 1956 regarding Yugoslavia's present international orientation. These questions can be summarized as follows:

- A. Do the Yugoslavs still stand internationally where they have stood in the past?
  - B. Are the Yugoslavs independent of Soviet control?
  - C. Are the Yugoslavs working with the Communist Bloc for the "conquest of the world"?
- II. With regard to the first question, the answer is "yes" with some qualifications, the Tito regime still stands where it has stood in the past--between East and West,--but it has moved somewhat nearer the East in the last year.

- A. This is to say in the past Yugoslavia was not, by any stretch of the imagination, "on our side" and it is not "on our side" today. At the same time, Yugoslavia has not been on the ~~side~~ Soviet team in the past, and is not there today.
- B. Tito has, however, signed a good many formal agreements with the Soviet Union and with its satellites, which have smoothed his governmental relations with them. In late May he signed a convention regarding problems of people with "dual nationality", and a convention calling for the exchange of cultural, educational, sports, and other such delegations. A month later,--22 June--he signed an "information convention" which, in fact, appears

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2

to regulate propaganda interchange between the two nations.

C. Furthermore, Yugoslavia's public position on international events has increasingly over the last two years tended to side with the USSR's line.

1. Tito's line, however, is consistent with his own basic viewpoint, and does not appear to agree with the Soviets just for the sake of so agreeing. Tito is, after all, anti-capitalist and anti-colonialist, and a "have-not" small power state.

2. Tito's position on Germany is very close to Moscow's. He has still refrained, however, from giving diplomatic recognition to the East German regime, apparently out of realization that such action would cost him any further Western economic aid, and also cost him the large West German credit negotiated earlier as a settlement of World War II claims.

3. On the Suez crisis, he has closely sided with Egypt, and this, along with other recent moves, has caused the British and French currently to be undertaking a basic reappraisal of their policies toward Yugoslavia.

III. As to the second question on Tito's independence, the answer is ~~whether there are~~ firmly "yes", and the only qualifications here pertain to future dangers. The Yugoslavs today are independent of Soviet control. However, in the last year there has been a marked Yugoslav trend toward expanded trade and credit relations with the East. These relations could eventually leave Tito's regime dangerously dependent on the USSR for its economic well-being.

1. In only two years, Yugoslavia's scheduled trade with the East has built up from nothing to about one-third of overall trade. This is about the same as pre-World War II and about one-half of the trade in 1947, the last full year before the Tito-Cominform break.
2. Tito now has three times as much available credit (\$464,000,000) from the East as from the West. He accepted the most recent of these credits---\$175,000,000 jointly from the USSR and East Germany---for the building of his aluminum industry right after he had detailed discussions with the West for these very same projects.
3. These recent economic moves have made it very uncertain of how much economic aid from the West Tito really feels he needs, in contrast to what he asks for.

IV. The Most interesting part of Tito's position, however, concerns the third question of his role vis-a-vis the Communist campaign for conquest of the world. Tito's most important activity here appears to be his attempts to modify the nature of the Communist movement and lessen Moscow's dominance of it.

- A. During his June visit to the USSR, Tito got Yugoslav-Soviet party relations <sup>unhurried formal,</sup> ~~off to a flying start with~~ his joint <sup>party</sup> ~~communist~~ communique with Khrushchev. ~~At that time~~ The two parties ~~therefore~~ agreed to ~~continuous contacts~~ and a "free and comradely exchange of experiences" in order to "co-operate in the interests of the further consolidation and progress of our socialist countries". However, since "roads and conditions of socialist development are different in different countries", the two parties declare as "alien" "any tendency of imposing one's own views in determining

equal, frank, democratic, and accessible to world opinion with freedom of action for each participant".

This, of course is a veritable Magna Carta of independence for Communist parties and the future will probably see a long drawnout, but unpublicized struggle between Tito and the Kremlin over it. The Yugoslavs will try to put real meaning into the words concerning equality and freedom of action for all Communist parties; and the Soviet leaders will probably do their best to make the words signify as little change from the past as possible.

1. When the term "different roads to socialism" is used by the Yugoslavs, they mean exactly what they say--that each country must go its own way to socialism. The Western countries may be headed there via slow evolutionary, parliamentary methods. <sup>whi</sup> Revolutionary methods <sup>will</sup> may be needed only in backward nations such as Yugoslavia itself.

2. When the Soviet leaders mention "different roads to socialism", they seem merely to be saying that there are several ways for a Communist party to usurp power. They believe the resulting Communist regime, in any event, should be a normal member of the "Socialist camp" with Moscow it's leader.

B. What has actually happened since June?

1. Yugoslav party ties have been established with several of the satellites--Poland, Czechoslovakia, Rumania--as well as with Togliatti in Italy.
2. After an initial period of "conservative quiet" ending in June, the Yugoslavs again stepped up their public--and possibly private--pressures on the satellites for each to develop a more independent and more "liberal" approach.
3. The USSR, by contrast, issued various party statements ~~emphasizing~~ emphasizing international proletarian unity, not its diversity. One article even attacked "national communism"--the very words that used to be used to describe Titoism.
4. The last two weeks have seen some possible signs of disagreement.
  - a. The Yugoslavs and the Russians seem to be conducting an indirect press duel over Yugoslavia's trials of "Cominformist traitors". These are trials of Yugoslavs who were in exile and sided with the USSR after 1948 and have recently returned home. Trials of these people have been held for over a year, but only at the end of July did the Yugoslavs decide to try one [REDACTED] (the deputy editor of the former anti-Yugoslav paper Nova Borba) ~~him~~ in a major court, with comparable publicity. The Soviet Union waited a month, then ran a little piece on this trial which implied that it went against the spirit of renewed Yugoslav-Soviet friendship. The Yugoslavs believe that since they are now admittedly justified for their previous actions, they can

/xy/ try those people who were "traitors" and that this should be none of Moscow's business if the Kremlin really believes in the "different roads to socialism thesis."

b. More explicit than this flurry, however, is a report 25X6□

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[REDACTED] the Soviet Communist party sent a letter on 3 September to the various satellite parties warning them against Tito's influence, and against imitating him or being too friendly with him.

You should remember that the Yugoslavs may merely be throwing up a smoke-screen for the West, "planting" such stories so that the West would believe that they were not being "taken in" by the USSR. However, events in the satellites in recent months make it very likely that the report, even if exaggerated, has at least some basis in fact.

i. The Soviet leaders have appeared worried about the fate at which some of the satellites--particularly Poland--appear to be developing "national communism" trends at a headlong rate. They would likely blame Tito for being partially responsible for the development of such trends. Hence it appears likely that Moscow has warned the satellites to be careful--and indirectly allowed this warning to seep out to Tito.

This therefore, may explain Khrushchev's "vacation" in Yugoslavia which started yesterday. Ostensibly on a "rest" trip, it is obvious that he intends/ to have serious discussions with Tito and the logical topic appears to be the question of the developments in the satellites. While this is speculative, it

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appears possible that Khrushchev is coming to get Tito to "take the heat off", while Tito would try to get firm promises on the timing and degree of the relation of Soviet control.

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V. Even while acting in this role as "modifider" on the Soviet bloc, Tito still wants to retain his freedom of action, and continues to ask for Western economic aid. He probably considers that at least the possibility of getting such aid serves as a "lever" in his bargaining with the USSR.

A. Throughout the summer, the Yugoslavs have requested US wheat to tide them over emergency shortages, but not being able to get American surplus wheat immediately, they obtained it from the USSR. The most recent case was on 10 September when they obtained 300,000 tons of Soviet wheat. The Yugoslav government, however, still wants 1,000,000 tons of American surplus wheat to meet its next year's needs.

B. In addition, it still wants some financing from the West for more aluminum and power developments. French and West German firms still remain interested. The Yugoslavs claim that the East bloc financing only takes care of one-third of their plans for aluminum and power and that they want to finance the rest with the West.

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